Corporate Governance Manual

Housing Bank Group

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Introduction

Banking sector is distinguishedfrom other sectors in that its risks are higher and it is affected by both global and local economic conditions, this requires effective corporate governance in such vital sector. The presence of a sound framework for corporate governance enhances the performance of banks, while policies and practices of sound corporate governance are tools for building competitiveness, achieving sustainable growth, and supporting an appropriate business environment, in addition to enhancing confidence, transparency, and accountability. Weak corporate governance in any bank may expose it to losses and problems that may extend to other banks and affect the stability of the entire banking sector.

Corporate governance is majorly evolving recently, especially after the global financial crisis in 2008, when a number of specialized bodies and organizations, such as the Organization for Economic Co-operation and Development (OECD), the Basel Committee on Banking Supervision (BCBS), and the Financial Stability Board (FSB), issued principles for strengthening corporate governance in banking institutions, which principles are evolving continuously to reflect best practices. Regulatory authorities around the world and relevant international institutions have emphasized the importance of applying these principles.

The Bank hereby publishes this Corporate Governance Manual on its website, and the bank's annual report also discloses the existence of a corporate governance manual and the extent of the bank's Commitment to implementing such manual.

Article (1): Citation:

The Corporate Governance Manual of the Bank has been amended in compliance with the Banks' Corporate Governance Instructions No. (2/2023) & its amendments, Issued by the Central Bank of Jordan pursuant to Articles (4/B/3) and (65/B) of the Central Bank Law No. (23) of the year 1971 and its amended, and Articles (2), (21), (22), (25), (33), (58), (59), (69/A) and (99/B) of the Banking Law No. (28) of the year 2000 and its amended.

Article (2): Definitions:

A. Words and phrases provided in this Manual shall have the meanings ascribed thereto below or as specified in the Banking Law and the instructions issued pursuant thereto with respect to any other definitions not included in this manual, unless the context indicates otherwise. **Corporate Governance:** The system by which the Bank is directed and managed, which involves identifying the Bank's corporate objective and the framework for attaining them, the safe management of the Bank's operations, the protection of the interests of the depositors, fulfilment of the responsibilities towards the shareholders, and other Stakeholders, in addition to ensure the bank's compliance with the legislations in force and the internal policies of the Bank.

B. **Stakeholders**: Any person with interest in the Bank, such as depositors, shareholders, employees, debtors, clients, or competent regulatory authorities.

C. **The Board**: The board of directors of the Bank.

D. **Independent Member**: The member of the Board of Directors of the Bank who is not a major shareholder, nor a person whom the Bank is under his/ her control, who possesses banking or financial qualification or experience, and who meets the requirements of Paragraph (5/E) of this Manual.

E. **Major Shareholder**: A person who controls at least 5% of the Bank's capital.

F. **Senior Executive Management**: includes the Bank's Chief Executive Officer, Chief Business Officer, Chief Operations Officer , Chief Financial Officer , Head of Treasury and Investments, Head of Credit, General Auditor, Head of Risk Management, Head of Compliance, Head of the Cybersecurity and Information security, and the Legal Counselor, in addition to any other employee of the Bank who has the same functional level and have an executive authority equivalent to that of any of the aforementioned and/ or who directly reports to the Chief Executive Officer.

G. **Fit and Proper**: The fulfilment of certain requirements that relate to dignity, integrity, reputation, and qualification, in line with the requirements of the Corporate Governance Instructions by persons nominated for membership of the Board of Directors or the Senior Executive Management of the Bank.

H. **Consultive Position**: The position held by a person who is a party to a contract or an agreement with the Bank for the provision of temporary consultation services, or by virtue of an annual contract.

I. **The External Auditor**: Includes the audit office, the partners in the audit office and the members of the audit team.

J. **Audit Office:** The office through which the audit team exercise its profession, which is registered with the Companies Control Department at the Ministry of Industry Trade

and Supply as a Civil Company in order to exercise the profession as per the legislations in force.

K. **The Partner in Charge of Audit:** The licensed partner in the Audit Office, who is in charge of audit and of the report issued on behalf of the Audit Office, and who is in possession of the expertise, academic qualifications and professional certifications that qualify him to sign the auditor's report.

L. **Audit Team:** The members of the team who handle the audit procedure under the supervision of the Partner in Charge of Audit. This shall not include the additional services team which fall outside the scope of the audit service.

M. **Cybersecurity**: The measures taken to protect systems, networks and critical infrastructures against cybersecurity incidents, and to ensure their ability to recover and maintain operational continuity, whether resulting from unauthorized access or use, failure to comply with security procedures, or exposure to deception that leads to such incidents.

N. **Emerging Technologies**: Technologies that are still in the development or early adoption stages and have the potential to significantly impact on the economy, society, and national security, but have not yet reached full maturity in terms of standards and regulatory frameworks.

O. **Risk appetite**: The level of risk that bank is willing to accept in pursuit of its strategic objectives and business plans, while ensuring compliance with regulatory requirements and safeguarding the rights of depositors and shareholders.

Article (3): Scope of Application

This Manual shall apply to the Housing Bank Group (The Housing Bank as a mother company as well as to the subsidiaries and foreign branches thereof), subject to the instructions issued in this regard by the central banks or other regulatory authorities of the countries in which such subsidiaries or foreign branches exist.

Article (4) Formation of the Board

A. The Board shall be formed of thirteen members.

B. The Chairman or the member of the Board shall not concurrently hold the position with any other executive position or any other position in which the same participates in the day-to-day management of t he business of the Bank, nor a consultative position in the Bank.

C. Independent members in the Board shall be at least four.

D. The Board diversity shall be taken into consideration while selecting its members (i.e. expertise, professional backgrounds, age and gender diversity), to ensure the complementarity of skills and experience among board members, in manner that enhances the quality of decision making, and is commensurate with the size, nature of business and strategy of the banking group.

E. Members of the Board shall be elected by the General Assembly every four years.

F. The Chairman and Vice Chairman of the Board shall be elected by the members of the Board.

G. A Board Skills Matrix shall be developed, incorporating individual & collective assessment of board members, identifying skills and experience gaps, and reviewing

such gaps annually. The matrix shall be submitted to the central bank of Jordan following its approval by the board, and shall include any identified skills gaps, the measures intended to address them, and the timeframe for implementing such measures.

Article (5): Fitness and Properness Criteria for Board Members

A. The Board shall adopt an effective policy to ensure the Fitness and Properness of its members. Such policy shall include the minimum standards, requirements and conditions which are to be fulfilled by the elected member and shall be subject to review whenever needed. The Board shall also set out adequate procedures and systems to ensure that all members meet (and continue to meet) such criteria.

B. The Chairman and the members of the Board shall meet the following requirements:

1. Be no less than twenty- five years of age.
2. Be of good reputation and behavior.
3. Never been convicted by a competent court for any felony or misdemeanor against honor and honesty and in line with the articles of association of the Bank.
4. Not be a member of the board of directors, general manager, regional manager or employee of any other bank in the Kingdom unless such bank is a subsidiary to the Bank.
5. Not be a lawyer, legal counsel or the Bank external auditor, or a counsel to any other bank in the Kingdom, the partner in charge or any member of the audit team may not be relative, up to second degree, to any member in the Board or any of its subsidiaries.
6. Hold first graduate degree as a minimum in economics, finance, accounting, business administration, or any similar specialties. The Nomination and Remuneration Committee may consider other specialties (such as law and information technology) if the holder also possesses sufficient experience in the banking business or relevant activities in line with Article (4/D) of this Manual.
7. Not be an employee of the Government or any official public institution, unless a representative of them.
8. Not be a member in the boards of directors of more than five public shareholding companies, either personally in some of them or as representative in the other.
9. Hold experience in banking business, finance, economy, or other disciplines related to the activities connected with banking business for at least five years.
10. Not be a relative to the Chief Executive Officer, up to the third degree, nor a first degree relative to any other member of the Senior Executive Management of the Bank.
11. Never been dismissed from membership in the board of directors of any bank upon the instruction of the Board of Directors of the Central Bank.
12. Never lost membership in another Bank's board of directors in application of the provisions of Banks Law and Companies Law in force, unless the approval of the Central Bank is attained in the situations allowed by the law.

C. A no- objection letter from the Central Bank shall be obtained on the nomination of any person for the membership of the Board (as well as on the nomination of the legal person's representative, including the temporary representative of any governmental entity, public institutions, or official public sector juridical person). Moreover, the bank shall thereafter obtain the Central Bank of Jordan prior no-

objection for any candidate nominated as the board chairman and board secretary, with consideration to the following

1. The application for the no objection letter shall be accompanied with the Board decision, the Recommendation of the nomination and Remuneration committee (which shall explain the value that such nominated member will add to the duties of the Board), each separately.
2. It must be ensured that all candidates meet all the requirement set forth in these instructions, as duly required, including the completion and signing of the relevant approved declarations and forms, and the submission of all required document the resume, academic qualifications, experience certificates, no criminal convictions certificate (or its equivalent from the home country/country of residence for non-Jordanians , and a copy of the personal civil status ID card (or the passport for non- Jordanian), and any other document required by the Central Bank of Jordan.

D. The Chairman of the Board shall ensure that any substantial information that may adversely affect the fitness and properness of any of its members, as well as that affects the fitness and properness of the legal person is reported to the Central Bank.

E. The Nomination and Remuneration Committee shall determine the requirements for ensuring independence of the Member, which shall include the following:

1. Be a natural person.
2. Have not worked as an employee in the Bank or in any of its subsidiaries, or as a counsel to the Bank or any of its subsidiaries during the three years preceding his nomination.
3. Not be a relative, up to second degree, to any other members of the Board, nor to a member of the boards of directors/ management committees of the Bank's subsidiaries or any of the major shareholders in the Bank.
4. Not be a relative, up to second degree, to any member of the Senior Executive Management of the Bank (except for the Chief Executive Officer), or any member of the senior executive management of any of the Bank's subsidiaries.
5. Not be a partner or an employee of the external auditor of the Bank, and have not been a partner or an employee therein during the three years preceding his nomination.
6. Not be a major shareholder in the Bank or a representative or associate of a major shareholder in the bank, nor should his shareholding constitute, along with his associate shareholder, a major shareholding, nor is a major shareholder of one of the bank's subsidiaries, or a major shareholder in the group owning the Bank.
7. Have not acted as a member in the Board of Directors of the Bank or that of its subsidiaries for more than a total of eight years for all memberships. If a member loses his/her independence due to this Paragraph, and after a cooling off period of at least consecutive four years, and in case justifying reasons exist, an application may be submitted to the Central Bank seeking non- objection for acting as an independent member.
8. Neither the member, his/her spouse, a first degree relative thereof, nor a company in which he/she is a member in the board of directors; owner; major shareholder; or Senior Executive Management member, has received credit from the Bank in excess of 5% of the Bank's regulatory capital, and not a guarantor for a credit from the Bank the value of which is in excess of the aforementioned percentage. The Central

Bank may look into certain cases that relate to nominees who are members in public shareholding companies.

F. The Board may, if it deems necessary and in the presence of clear and specific justifications, appoint a consultant. The scope of work of the consultant shall be in line with his/ her areas of competence, should be restricted to a specific timeframe, and such consultant may not in any way undertake supervisory or executive duties. Such appointment shall not prejudice the duty of the Board to supervise the business of the Bank in line with the duties thereof as provided in the legislations, including the Banks Law, and provided that a no objection letter from the Central Bank is attained for such appointment.

Article (6): Duties of the Board

First: The board shall undertake the following duties:

A. The Board shall oversee the executive management, approve a policy to monitor and review the performance thereof in the realisation of its institutional objectives, and ensure soundness of all the operations of the Bank.

B. The board shall define the bank's strategic goals, direct and instruct the executive management to prepare the strategy, policy, plans and programs necessary to achieve these objectives, approve the strategy and related actions The Board shall ensure the availability of policies, plans and operational procedures that cover all functions of the Bank, that they are in line with the relevant applicable legislations, that the aforementioned is circulated across all functional levels and are reviewed on a regular basis.

C. The Board shall establish the Bank corporate values, draw clear lines as to the responsibilities and accountability and Approve Risk Responsibilities Map, which outlines the allocation of duties and authorities for all Bank functions, and establish high- calibre culture in terms of moral standards, integrity and professional conduct of the Bank administrative staff.

D. The Board shall be responsible for the attendance of the requirements of the Central Bank and such other regulatory authorities, for taking care of the Stakeholders interests, for ensuring that the bank is duly managed as per the legislations and the internal policies thereof, and that an effective monitoring of the bank's activities, including outsourced activities, is always in place.

E. Subject to Article (10/H) of this Manual, the Board, upon the recommendation of the competent committee, shall approve the appointment of the Chief Executive Officer, General Auditor, Head of Risk Management, and Head of Compliance and accept the resignations thereof or terminate their service, in condition of obtaining a no- objection letter from the central bank of Jordan to the appointment, resignation or termination of services of any of the above, The Central Bank has the right to call any of the managerial levels to inquire about the reasons of resignation or termination of services.

F. The Board shall approve a risk management strategy that includes (Risk Culture Framework) and monitor its application; such strategy shall provide for the acceptable risk levels, ensure that the Bank is not exposed to high risks, that the Board is in possession of appropriate knowledge of the Bank's operational environment and the related risks and ensure that there exists tools and infrastructure to manage risks in the

Bank capable to determine, measure, analyse, evaluate, control and monitor all kinds of risks to which the Bank is exposed.

G. The Board shall ensure the availability of sufficient and reliable management information systems covering all the activities of the Bank.

H. The Board shall verify that the credit policy of the Bank includes a corporate governance evaluation system for its corporate customers, in particular shareholding companies, in a way that customers risk assessment shall be conducted in response to strength and weak points and with their level of implementation of sound Corporate Governance practices.

I. Regarding sustainability and (ESG) Environmental and Social Governance:

1. The Board shall lay down a policy to make sure that the Bank is responsible towards the environment and the society (Environmental and Social Policy), this shall include disclosures by the Bank in the annual report and/ or in the sustainability report of the initiatives that the Bank takes in this regard, which shall include the following at minimum:
   A. Social initiatives for the protection of environment, health, and education.
   B. Social initiatives for combatting poverty and unemployment.
   C. Encouragement of medium and micro financing.
   D. Contribution to the initiatives that add economic value to the society.
   E. Sustainability practices in line with the applicable disclosure instructions and relevant international standards.
2. The board shall oversee the integration of sustainability principles and standards into bank’s strategy and risk management strategy, within the framework of its corporate governance and risk management, approve relevant policies, and monitor performance.
3. The bank shall approve key performance indicators (KPIs) to measure performance in sustainability-related areas and monitor the achievement of established objectives.
4. The bank shall enhance internal awareness of sustainability principles and standards through training and corporate initiatives.
5. The board shall review the bank’s sustainability performance annually and ensure continuous improvement.

J. The Board shall take adequate measures to ensure clear segregation between the powers of major shareholders and those of the executive management and shall lay down suitable mechanisms to minimize the influence of major shareholders; the Senior Executive Management shall receive the authorisation thereof from the Board only and act in accordance with authorisation given thereto by the Board.

K. The Board shall approve the organisational structure of the Bank.

L. The Board shall adopt the group's strategy and general policies, and shall approve the Corporate Governance guideline at the group level in line with these instructions and the structure of the group, which shall apply at the group level so as to ensure that the policies of the subsidiaries are in line with these Instructions to the extent possible, taking into account the instructions issued in this regard by the supervisory authorities of the countries in which such subsidiaries exist.

M. The Board shall specify the banking operations which require its approval but shall not however widen its scope to an extent that would jeopardize its overseeing role, and shall not grant itself executive authority, including the granting of credit to a single board member including the Board chairman.

N. Board members shall be able to directly contact the executive management and the Secretary of the Board, and the disposal of their duties shall be facilitated, while ensuring that members of the Board shall not influence the decisions of the Senior Executive Management except through the deliberations taking place in the meetings of the Board and its committees.

O. The Board shall take due diligence measures upon resolving any issue that relate to the business of the Bank and shall observe due measures to issue its decisions in a manner that ensures that the same is disposing of its duties in accordance with the highest professional standards.

P. Regarding the governance of information technology, cyber security, financial technology, emerging technologies and digital transformation, the board shall:
   1. Taking ultimate responsibility for overseeing information technology, cybersecurity, financial technology, emerging technologies and digital transformation risks, in manner that is consistent with and integrated into the bank's overall risk management framework, ensuring that's the framework includes the acceptable level of risk.
   2. Approve the strategies for information technology, cybersecurity, financial technology, emerging technologies and digital transformation, and ensure their alignment with the bank's strategic objectives, as well as establish specialized job level in financial technology and digital transformation.
   3. Ensure that the relevant information technology and cybersecurity functions within the bank submit periodic report to the board or its committees on the level of risks, material incidents, and the extent of compliance with the requirements related to information technology & cybersecurity.
   4. Ensure that, when adopting emerging technologies with Significant impact, the bank conduct a prior and documented assessment of the associated risks and legal and technical requirements, exercises effective oversight over Significant decisions, ensures fairness and non-discrimination, protect client data and privacy, and conduct ongoing reviews of performance and risks.

Q. In the matter of disclosure and transparency, the duties of the Board shall include the following at minimum:
   1. Finding a mechanism to ensure communication with Stakeholders, through disclosure and by making available indicative information on the activities of the Bank through the following:
      a. general assembly meetings.
      b. Annual report
      c. Quarterly reports that shall include financial information, in addition to the Board's report concerning the trading of the Bank's shares and the financial position thereof during the year.
      d. The website of the Bank.
      e. The shareholders' Relations centre within the Bank.
   2. Ensuring that a certain part of the Bank's website is dedicated to clarifying the rights of shareholders and encouraging them to attend and vote in the meetings of the general assembly, and publishing the documents related to the meetings including the full text of the invitation and the minutes of the meeting.

3. Ensuring that financial and non-financial information that is important to the Stakeholders are published in appropriate timing.
4. Ensuring that the annual report of the Bank contains a statement that the Board is responsible for the accuracy and completeness of the financial statements of the Bank and the information provided in the report, as well as for the sufficiency of the internal control and monitoring systems of the Bank.
5. Ensuring that the Bank complies with the disclosure requirements as provided in the International Financial Reporting standards, the international accounting standards, the instructions of the Central Bank and other relevant legislations, as well as ensuring that the Executive Management is aware of the changes on the International Financial Reporting Standards.
6. Ensuring that the Corporate Governance Manual of the Bank is published on the Bank's website or through any other appropriate means for public awareness, and the Bank shall state in the annual report that it has in place a Corporate Governance Manual and the extent to which the same abides thereby.
7. Ensuring that the annual report of the Bank and the quarterly reports thereof include disclosures that allow current and potential shareholders of the Bank to review the results of the operations of the Bank and the financial position thereof.
8. Ensuring that the annual report includes the following at minimum:
    a. The organisational structure of the Bank.
    b. Summary of the duties of the Board's committees.
    c. Information that concerns the Stakeholders as provided in the Bank's Corporate Governance Manual.
    d. Information on each member of the Board, namely qualifications, experience, shareholding in the capital of the Bank, whether independent or not, membership in Board committees, date of appointment, and memberships in other companies' boards.
    e. Information on risks management including structure, nature of operations, and developments undergone thereon.
    f. number of the meetings of the Board and its committees and number of times each member attended such meetings.
    g. Names of the Board and Senior Executive Management members resigning during the year.
    h. Summary of the remuneration policy within the Bank, along with a disclosure of all types of remunerations that each member of the Board received on individual basis, and all types of awards granted to each member of the Senior Executive Management during the previous year.
    i. Declarations by all members of the Board affirming that the member did not receive any benefits during his/her service in the Bank that were not disclosed, whether financial or in-kind, and whether they were for the member personally or for any of his/ her related parties for the previous year.

Second: Each member of the Board shall:

1. Have a sufficient knowledge of legislations and principles of banking, the Bank's operational environment, and be up to date with the developments taking place therein as well as external updates related to the Bank's business.
2. Attend all meetings of the Board, the committees, and the General Assembly and as needed.
3. Devote sufficient time to assume his/ her roles and duties as Board member. The Nomination and Remuneration Committee shall put in place a clear methodology to verify this (e.g., the number of memberships of such member in other boards/ Bodies/ forums…etc.)

Third: The Chairman of the Board of Directors shall assume the following duties at minimum:

A. Ensuring to establish constructive relations with the Board and the Senior Executive Management in the Bank.
B. Encouraging expression of opinion in the matters discussed in general, and those that raise different opinions among the members and encouraging the discussion and voting on such matters.
C. Thoroughly discussing strategic and important matters in the meetings of the Board.
D. Ensuring that all Board members receive and sign the minutes of previous meetings, and receive the meeting agenda well in advance of the meeting. The agenda shall include sufficient information in writing about the topics to be discussed in the meeting, and such agenda shall be delivered through the Secretary of the Board.
E. Ensuring the availability of a charter to organize and define the Board's scope of work.
F. Supervising any non-executive duties and responsibilities, and the matters entrusted thereto by the Board of Directors and following up on such matters in line with the related instructions.
G. The Chairman of the Board shall represent the Bank, sign on its behalf before third parties as well as before all entities and authorities including competent judicial authorities, and shall have the right to sub-delegate the authorities thereof in writing to the Board.
H. Ensuring that each member of the Board is provided, once elected, with the laws related to banking business; the Central Bank instructions pertaining to the scope of work of the Board including the Corporate Governance Instructions; and a booklet stating the member's rights, responsibilities and roles; and the Secretary of the Board duties.
I. Ensuring that each member is provided with sufficient summary on the Bank's operations upon appointment or request.
J. With the assistance of the Bank's legal counsel or/ Secretary of the Board, deliberating with any new member in regard to the Board's responsibilities and roles, especially those relating to legal and regulatory requirements in order to clarify duties, authorities, and other matters related to membership such as membership term, meetings times and dates, committees' responsibilities, rewards, and the possibility of obtaining independent technical advice when necessary.
K. Meeting the Board members' needs for developing their expertise and continuous learning. The new Board member shall participate in an orientation program that takes

into consideration the member's banking background and includes, as a minimum, the following topics:

1. The Bank's organizational environment, Corporate Governance, and code of conduct.
2. Corporate goals, the Bank's strategic plan, and its approved policies.
3. Financial position of the Bank.
4. The Bank's risk structure and risk management framework therein.

Fourth: The Board shall appoint a Secretary of the Board, terminate his/her services and determine his/her remuneration, taking into consideration:

1. The following requirements shall be met by the person appointed as Secretary of the Board:
   A. Having a good reputation and conduct.
   B. Holds at least bachelor's degree in law, accounting, finance, or business admiration.
   C. Have at least (5) years of practical experience in banking, legal affairs, or corporate governance.
   D. Deep knowledge in companies' law, banking law and applicable legislation.
   E. Have strong skills in preparing and documenting meeting minutes and reports accurately and objectively.

2. The Secretary of the Board duties shall include the following:
   A. Attending all Board meetings, and accurately minuting all discussions, suggestions, objections, reservations and voting methods on the Board's draft resolutions.
   B. Scheduling the Board meetings in coordination with the Chairman of the Board.
   C. Verifying that all Board members sign the meetings' minutes and resolutions, and that they receive the meetings agendas in advance of the scheduled date of the meeting, which shall include sufficient written information on the matters to be discussed in the meeting.
   D. Following up the execution of the resolutions made by the Board, and following-up on topics postponed from a previous meeting.
   E. Preserving the records and documents of the board meetings.
   F. Taking necessary actions to ensure that the draft resolutions to be issued by the Board are in conformity with the legislations including those issued by the Central Bank.
   G. Preparing for General Assembly meetings.
   H. Cooperating with Board committees.
   I. Providing the Central Bank with Fitness and Properness acknowledgements signed by Board members.
   J. Facilitating the disposal of the members of the Board of their duties.
   K. Managing and steering the activities of the Board, which shall be executed in line with the approved charter.
   L. Acting as central point of contact and source of information, advice and guidance for Board members regarding the Bank's activities to support the decision-making process.

Article (7): Meetings of the Board and the Committees Thereof

A. The Board shall hold at least one meeting every two months, and the total number of the meetings thereof shall not be less than six meetings per year.
B. Subject to the provision of Article (8/c/6/e) of this Manual, the quorum of the meeting of any committee shall not be less than (3) members including the committee chairman. Nomination of an alternative member to attend the meeting in case a member is absent shall be forbidden.
C. Subject to the provision of Article (6/Third/C) of this Manual, members of the Board may attend the meetings thereof and those of the committees through audio visual telephony services provided that the chairman of the Board and the Secretary of the Board shall rectify the Board's minutes of meeting and confirm satisfaction of the quorum requirement thereof, while the chairman of the committee and the secretary shall rectify the minutes of the meeting of the committee and confirm the satisfaction of the quorum requirement thereof.
D. Subject to Article (8/C/6/e), decisions and recommendations of the committees of the Board shall be passed by majority voting; in case of equal voting the side which chairman voted shall prevail.
E. The Senior Executive Management shall, sufficiently in advance of the Board meeting, provide sufficient and accurate information to the members of the Board concerning the matters listed in the meeting agenda.

Article (8): Committees of the Board

A. Committees are an effective means of distributing work and allowing Board members to give the necessary attention to study the issues and topics presented to each committee in order to better deliberate on them.
B. The Board shall form committees from among its members and approve a charter for each committee; such charter shall include at minimum the formation of committees, duties, authorities, intervals and quorum of its meetings, and the appointment of a secretary for each committee and determining the duties thereof including recording all deliberations, suggestions, objections, reservations and manner of voting on the draft decisions of the committee; and such committees shall provide regular reports to the Board. Existence of such committees shall not relieve the Board as a whole from taking responsibility, as Board shall not delegate any of its authorities to any of its committees.
C. The Board shall form the following committees as a minimum: (Corporate governance, audit, nomination and remuneration, risk management, and compliance) A member in the Board may not be a chairman of more than one committee of these four-committee mentioned, nor a chairman of more than two committees of those formed by the Board, in addition to that Board committees prohibited delegate any of their assign authorities by Corporate Governance Instructions to any other authority. Banks shall also refrain from forming any committee with executive duties except for the Credit Committee provided for in this Manual.

1. **Corporate Governance Committee:**
   It shall consist of at least 3 members, the majority of whom shall be independent, and it shall include the chairman. This committee shall meet at least twice a year and shall assume the following duties:

A. The committee shall be in charge of supervising and guiding the preparation of the Corporate Governance Manual for the Bank, which shall be continuously reviewed and updated to ensure, at minimum, compliance with the legislations in fore and the requirements of the regulatory authorities, and shall recommend the approval thereof to the Board. Such manual shall express the view point of the Bank in regard to Corporate Governance as regards concept, importance and basic principles, and ensure the application of the best practices and be up to date with the latest development and changes in the legislation and regulation in this filed.
B. Provide the Central Bank with a letter signed by all members of the committee, affirming that the manual conforms to Corporate Governance Instructions within two months from the date of any amendment.
C. Regularly review the formation of the Board committees and provide recommendation to the Board in its regard.
D. Review the charters of Board's committees and ensure that their roles, responsibilities, scope of work are determined, understood and applied, and provide recommendation to the Board as to its approval.
E. Study the reports and observations of the regulatory authorities that result from their inspection and evaluation to corporate governance practices in the Bank and its adherence to the Corporate Governance Manual, follow up on the actions taken in this regard, and ensuring that such observations are rectified.
F. Ensure the preparation of the Governance Report and the presentation thereof to the General Assembly through the Board of Directors.
G. Supervising continuous update and due revision to the principles, policies and frameworks, their availability and due approval thereof by the Board of Directors.
H. Inform the Central Bank any violations to the terms and requirements of Corporate Governance Instructions immediately upon verifying the same.

2. Audit Committee:

A. This Committee shall be formed of at least three members; the majority thereof, including the chairman, shall be independent members; the chairman of the committee shall not be the chairman of any other Board Committee, and the Chairman of the Board may not be a member therein. The Committee shall meet at least once every three months.
B. Majority of the committee members shall have academic qualifications or professional certifications in the field of accounting or finance and shall have appropriate practical experience in the field of accounting, finance, external audit, internal audit, or banking business.
C. Subject to the provisions of the Banks Law as to its responsibilities and authorities, the Committee shall review the following matters:
    1. Scope, outcomes, and adequacy of the internal and external audit in the Bank.
    2. Accounting issues of material impact on the Bank's financial statements.
    3. Internal monitoring and control systems of the Bank.
D. The Committee shall provide its recommendation to the Board regarding the appointment of the External Auditor, terminating his/ her service, defining his/ her fees and any other terms relating to contracting with him/ her including assessing the independence thereof.
E. The charter of the committee shall include the following:

1. That the committee has the authority to get any information from the executive management either directly or through the General Auditor.
2. That the Committee shall have the right to call any executive member to attend any of its meetings.

F. The committee shall hold separate meetings with the External Auditor, the General Auditor, Head of Compliance, and the Chief Financial Officer (CFO) at least once a year without the presence of any member of the Senior Executive Management.

G. Review and oversee the procedures that allow employees to report in confidence any error in the financial statements or any other important matters, whether internal or external, including information received through the Hot Line and ensure the availability of the arrangements necessary for independent investigation, following up on investigation outcomes and addressing the same in an objective manner.

H. Review and evaluate the efficiency of internal audit, including compliance with the audit standards approved by the Institute of Internal Auditors (The IIA); this shall include conducting independent external evaluations for internal audit at least once every (5) yeas, and provide the Central Bank with a copy thereof.

I. The Committee shall ensure that adequate resources, and sufficient qualified human resources are available for the Internal Audit Department and ensure that the same receive specialised training including in the area of Corporate Governance.

J. The Committee shall ensure the rotation of Internal Audit Department employee among the activities of the Bank every three years at maximum, in case this is not possible in particular fields the approval of the Committee shall be attained on the justifications for non-compliance particularly in specialised fields such as information technology and cyber security audit.

K. Ensure and enhance the independence of Internal Audit, ensure that no employee of Audit department assigned with any executive duties, and affirm the same to the Board of Directors.

L. The Committee shall ensure that all the activities of the Bank are subject to audit following a risk-based approach, including outsourced duties.

M. The Committee shall evaluate the performance of the General Auditor and determine the remuneration thereof in line with the performance evaluation and granting remuneration policy approved by the Board.

3. Nomination and Remuneration Committee:

A. The committee shall be formed of at least three members, the majority of whom including the chairman shall be independent, The Committee shall meet at least twice every year.

B. The committee shall assume the following duties:

1. studying and determining the eligibility of candidates for membership in the Board and providing the appropriate recommendation to the Board. A person assuming the position of Board Chairman or member shall meet the requirements provided under the Corporate Governance Instructions and the Policy for Nomination and Fitness and Properness of Members of the Board of Directors. Upon re-nominating a member, the attendance and effective participation thereof in the meetings of the Board and its committees shall be taken into consideration.

2. Informing any person (including the representative of the juridical person) who submits an application for Board's membership of the decision of the Board in writing that the Corporate Governance Instructions shall not apply to the same.
3. Recommending to the Board the candidates qualified to join the Senior Executive Management.
4. Ensuring that the Board members attend banking-related workshops or seminars, including Corporate Governance, risk management, and the latest developments in the banking industry.
5. Determining the requirements for ensuring member independence, and determining whether the member meets the criteria of independent member, taking into consideration, at minimum, the instructions of the regulatory authorities in this regard, and the conditions provided in the Policy for Nomination and Fitness and Properness of Members of the Board of Directors; reviewing the same regularly and providing the Central Bank with any updates concerning the independence of any of the independent members.
6. Evaluating the performance of the Board, its committees, and its members individually on annual basis, provided that the committee shall follow specific and approved standards for the evaluation to ensure objectivity, and shall report the result of such evaluation to the Central Bank. The members of the Board (other than members of the Nomination and Remuneration Committee) shall evaluate the performance of the Nomination and Remuneration Committee and each member thereof individually on annual basis.
7. Providing information and summaries concerning the background of certain important mattes of the Bank to the Board members upon request, and ensuring that the same are at all times aware of the recent matters relevant to the banking business.
8. Putting in place an objective and transparent evaluation and granting remuneration policy to the bank's executives; such policy shall meet the relevant requirements of the Corporate Governance Instructions, and be reviewed on regular basis; the policy shall further be applied and evaluated in terms of its realisation of the required objectives. The Committee shall further recommend the approval thereof to the Board and determine the salaries, awards and privileges of the CEO and other members of the Executive Management; the Committee may not delegate such duty to the Executive Management.
9. Ensuring the availability of a succession plan for Senior Executive Management approved by the Board of Directors is in place.
10. Nominating the representatives of the Bank in the boards of directors of subsidiary banks and companies upon the recommendation of the Chief Executive Officer.

4. Risk management & Cybersecurity committee

A. This committee shall consist of, at least, 3 members from among the board members, provided that the majority of the committee members including the committee chair are of independent members.
B. The Committee shall meet at least once every three months or whenever need calls.
C. The Committee shall assume the following duties:

1. Ensuring that there exists a comprehensive strategy and framework for risk management within the Bank which includes risk culture framework, sustainability standards and comprehensive document for the types and levels of acceptable risks

for all the activities of the Bank and recommending the approval thereof to the Board.

2. Ensuring the existence and effectiveness of means and tools to manage risks that can accurately determine, measure, analyze, evaluate, and monitor risks and losses that can result therefrom, maintaining sufficient capital to encounter the same, and reviewing the same at least on annual basis.
3. Verifying the efficiency of risk management and the working processes thereof, and evaluating the extent to which the Executive Management is compliant with the approved policies and procedures.
4. Review the tasks and responsibilities of the Cybersecurity and Information security Department, as well as its policies, methodologies, and frameworks, and submitting them to the board for approval.
5. Providing the Board with regular reports concerning the developments that affect risk management in the Bank, and the risks to which the Bank is exposed, including the incidents of exceeding accepted risk levels and the method of addressing them, and ensuring that Senior Executive Management to which such incidents relate are held accountable.
6. Keeping up with developments that affect the bank's risk managements.
7. Verifying the existence of the tools that support risk management, including but not limited to:
   conducting risk self-assessment and setting risk indicators.
   preparing a historical loss database, identifying the sources of those losses, and classifying them according to their type.
   providing the necessary resources, suitable automated system and quantitative tools.
8. Ensuring the availability of sufficient resources and sufficient number of qualified staff for both risk management division and Cybersecurity and Information security division while ensuring that such staff receive specialized training programs.
9. Evaluating the performance of both the Heads of Risk Management and the head of the Cybersecurity and Information security, in addition to, determiningtheir remuneration in line with the bank's approved remuneration policy, after attaining the opinion of the CEO.

5. Compliance Committee

A. This Committee shall be formed of at least three members, one of whom shall be an independent member.
B. The Committee shall hold a meeting at least once every three months and whenever needed.
C. The Committee shall assume the following duties:
   1. Ensuring that the Bank has a compliance policy and procedures in pursuance thereof, and supervising the application thereof, and ensuring that the executive management of the Bank resolves all matters related to compliance quickly and efficiently.

2. Approving the annual plan and reviewing the periodical reports prepared by the Compliance Department which include an evaluation of the non- compliance risk, violations, shortcomings, and remedies taken.
3. Supervising the efficiency and effectiveness of the Compliance Control Department and its various functions, and verifying that effective standards are in place in the matter of combating money laundering and terrorism financing, international sanctions and compliance control.
4. Verifying the efficiency of mechanisms, systems and procedures for compliance control, so as to ensure sound operations and activities, and monitoring compliance by all administrative levels within the Bank with the regulatory requirements, the legislations in force, and the international standards including the recommendations of the Financial Action Task Force (FATF).
5. Evaluating the efficiency in which the Bank manages non-compliance risks at least once a year, and reviewing the same upon any change.
6. Ensuring the availability of sufficient resources and qualified staff for the Compliance Control Department and subject the same to specialised training programs.
7. Evaluating the performance of the Head of Compliance and determining the remuneration thereof in line with the performance evaluation and granting remuneration policy approved by Board, after attaining the opinion of the CEO.

6. Credit Committee:

A. The members of the Committee shall be at least five, one of them may be an independent member. A member in the Audit Committee shall not become a member in this Committee, a legal person's representative shall not be permitted to hold membership in this committee and the Audit Committee.
B. The Committee shall meet whenever necessary but no less than twice a year.
C. The competence of the committee is restricted to taking the appropriate decision in respect of the facilities proposed to be approved by the highest related committee on executive management- level.
D. The Committee shall decide in the matters of (new credit applications, yearly renewals, amendments, restructuring, rescheduling, and settlement of credit facilities), which exceeds the competence of the executive Management/executive Management-level committee and fall under its scope of competence upon the approved credit policy, and to recommend the facility and amounts that exceeds their competence to be approved by the board in accordance with the approved policies.
E. The quorum of the meetings of the Committee shall be deemed met if attended by at least four members, the decisions thereof shall be taken with the majority voting of its members notwithstanding the number of attending members.
F. The Committee shall report the details of the facilities approved to the Board.

7. Information Technology Governance Committee

A. The Committee shall be formed of at least three members, preferably by members who have experience or strategic knowledge of information technology.
B. The Committee shall meet at least once every three months and whenever necessary.
C. The Committee shall assume the following responsibilities:

1. Approving the strategic information technology objectives, recommending to the Board of Directors the appropriate organizational structures, including the Senior Executive Management Steering Committee, and in particular the Information Technology Steering Committee), in a manner that ensures the realization of the strategic objectives of the Bank and best added value from the projects and investments in information technology resources, and utilizing the needed tools and standards to monitor and verify the extent to which this is accomplished.
2. Applying the general framework for managing the control of information technology resources and projects, which shall be in line with the internationally practices in this regard, and in particular (COBIT-2019) in order to accomplish the institutional objectives and the accompanying information technology objectives, all in line with the instructions of the Central Bank.
3. Ensuring that there is in place a general framework for managing information technology risks which shall comply and integrate with the overall framework for risk management in the Bank.
4. Studying the budget for information technology resources and projects and any amendments thereto, in line with the strategic objectives of the Bank and recommend the approval thereof to the Board of Directors.
5. Generally supervising and reviewing the Information Technology operations and resources to ensure sufficiency and active contribution to achieve the requirements and the business of the Bank.

8. **Institutional Performance Committee:**
   A. The Committee shall be formed of five members.
   B. The Committee shall meet whenever necessary but no less than twice a year.
   C. The Committee shall assume the following responsibilities:
      1. Studying the estimated budget and the annual working plan of the Bank and any amendments thereto and recommend the approval thereof by the Board, in addition to observing the performance and the standing of the Bank.
      2. Studying the major policies of the Bank's activities that fall under the competence of the Committee, and recommend the approval thereof to the Board.

Article (9): Duties of the Executive Management

A. Exercising and managing the activities of the Bank in line with the strategies/ policies approved by the Board, the regulations, risk management, operations, and the standards of managing all types of risks to which the Bank is exposed so as to ensure that the acceptable risk levels as approved by the Board are not exceeded, and complying with all legislations in force and the internal policies of the Bank.
B. Ensuring that there exist comprehensive work procedures for all the activities in the Bank in line with the legislations in force and the strategies/ policies approved by the Board, provided that such procedures shall be approved by the Chief Executive Officer (Except for supervisory departments, where those are to be approved by the competent committee) and ensuring the application of such procedures.
C. Preparing the financial statements.

D. Preparing the organisational structure of the Bank and procuring that the same be approved by the Board, and preparing organisational sub-structures for all the units operating within the Bank and procuring that the same be approved by the Chief Executive Officer, except for the organisational sub-structures of the supervisory departments which shall be approved by the Board based on the recommendation of the competent committee, and provided that such structures shall show the administrative hierarchy and reflect the lines of responsibility and authority in clear detailing, and provided that the general organisational structure shall include the following at minimum:
    1. The Board and the committees thereof.
    2. The Executive Management and the committees thereof.
    3. Separate departments for risk management, compliance, internal audit and cyber security and information security; in a manner that allows the same to perform their duties in full independence (this shall include not undertaking to any executive duties), so that its relation with competent committee shall be shown in a solid line with it, and with a dotted line with the Chief Executive Officer.
    4. Units that do not participate in executive duties, such as credit review and middle office staff.
    5. Subsidiaries and foreign branches
E. Preparation of an annual budget and procuring that the same be approved by the Board, and submitting regular performance reports to the Board showing deviation in actual performance from the estimated performance and the reasons thereof.
F. Refraining from any practice that is likely to affect the independence and objectivity of the control departments. Cooperation of such departments with the various units of the Bank and the executive management is essential to perform its duties, the same shall inform the Senior Executive Management of any important matters that require immediate action to address it as soon as the same arise in any department; this shall not be in lieu of such departments' commitment to inform the competent committee of such matters.
G. Providing the supervisory authority, the internal audit, the external audit and any competent entities with the required information and logs as needed for the same to ideally dispose of their tasks and at the time determined thereby.
H. Preparing the professional code of conduct of the Bank and procure the approval thereof by the Board, and circulating the same to all the administrative staff members in the Bank.
I. Developing the skills and professional conduct of the Bank's staff to be in line with latest ethical and professional conduct standards.
J. Ensuring that there exist appropriate Controls for each activity or operation, and separate the duties of approval and execution both administratively and functionally.
K. The Chief Executive Officer shall, in addition to what is provided in the legislations in force, endeavour to the following:
    1. Develop the strategic direction of the Bank.
    2. Execute the strategies and policies of the Bank.
    3. Execute Board's decisions.
    4. Provide guidance to execute short term and long-term work plans.

5. Lay down mechanisms to communicate the Bank's vision, mission and strategy to the employees.
6. Keep the Board informed of all important matters related to the Bank's operations.
7. Manage the day-to-day operations of the Bank.
8. Approve a detailed description of the duties of each organisational unit (except for the supervisory departments, where the description shall be approved by the competent committee), and communicate the same to all the staff of the Bank, depending on their competencies.

Article (10): Fitness and Properness of the Senior Executive Management Members:

A. The Board shall adopt a policy to ensure the Fitness and Properness of the members of the Senior Executive Management members in the Bank. Such policy shall include the minimum standards, requirements, and conditions to be fulfilled by each member. The Board shall review this policy from time to time and shall set out adequate procedures and programs to ensure that all members of the Senior Executive Management meet, and continue to meet these criteria.
B. The Board shall ensure that the Chief Executive Officer enjoy integrity, specialised qualification, and banking experience.
C. The Bank shall attain the Board's approval on appointing, transferring, promoting, entrusting, accepting the resignation of, or terminating the services of any Senior Executive Management member in the Bank.
D. The Board shall set up a succession plan for the members of the Senior Executive Management in the Bank, and review it at least once every year.
E. The chairman shall notify the Central Bank of any substantial information which may negatively impact the Fitness and Properness of any member of the Senior Executive Management.
F. A person to be appointed in the Senior Executive Management of the Bank shall meet the following conditions:
    1. Not be a Board member of any other bank, unless the latter is a subsidiary to the Bank.
    2. Be devoted for the management of the bank's activities on full time basis.
    3. Hold a bachelor's degree, as a minimum, in economics, finance, accounting, business administration, or any other similar specialties relevant to the business of the Bank.
    4. Have an experience in banking business (the majority of which shall be in the field of the job to which the same is nominated), or relevant fields for at least five years, except for the positions of Chief Executive Officer, where the minimum requirement shall be ten years.
    5. Not be a major shareholder or a relative to the chairman of the Board, a Board member or a major shareholder, including kinship up to third degree for the Chief Executive Officer and first degree for any other member of the Senior Executive Management.
G. The Bank shall attain a no- objection letter from the Central Bank before appointing, transferring, promoting, or entrusting any member of the Senior Executive

Management, the application to attain the letter shall be accompanied by the decision of the Board, the recommendation of the specialised committee, the approved general organizational structure, the acknowledgement of the member, attached to which shall be the resume, academic qualifications, experience certificates, no criminal convictions certificate (or its equivalent from the home country/country of residence for non-Jordanians), and copy of the Civil Status ID card (or passport for non- Jordanians).

H. The Bank shall attain a no- objection letter for the resignation or dismissal of the Chief Executive Officer, General Auditor, Risk Management Manager, and Compliance Manager; and the Central Bank shall have the right to call any administrative staff member in the Bank to investigate the reasons for resignation or dismissal.

Article (11): Conflict of Interest

A. The Board shall approve a policy for all forms of conflict of interest, including those that may arise from the Bank's relation with other companies within the same banking group, and approve the procedures needed to ensure the sufficiency of the internal controls and supervision to monitor compliance with such policy and prevent any violations, the policy shall include the following at minimum:
   1. Avoiding activities that result in a conflict between the interest of the Bank and any other interest of any Administrator in the Bank, of any form whatsoever.
   2. Immediately disclose any mater that resulted or will result in a conflict between the interest of the Bank and any other interest of any Administrator in the Bank, of any form whatsoever.
   3. Non- disclosure by the members of the Board of the confidential information of the Bank, or using the same for own benefit or the benefit of others, and non-disclosure by the representative of the legal entity of any confidential information deliberated during the meetings of the Board or any committee thereof to any person, including the administrative officers of such legal entity.
   4. Favouring the interest of the Bank by the Board member in course of all dealings with any company the same has a personal interest in, refraining from exploiting the business opportunities of the Bank to his own benefit, avoiding conflict of interest and disclosing to the Board in detail any conflict of interest, if any, and refraining from attending and participating in decision making during the meetings in which this issue is to be deliberated, and this shall be recorded in the minutes of any meeting of the Board or the committees thereof.
   5. Examples of the instances that lead to conflict of interest, such examples shall include the cases in which a conflict of interest arises between the interest of the Board member and that of the Bank, or the interest of the Executive Management member and that of the Bank, or the interest of any company within the banking group, a subsidiary or affiliate of the Bank and the interest of the Bank.
   6. Definition of the Bank's related parties in line with the legislations in force, and determining the conditions for dealing with such parties, in a manner that ensures that the related party does not receive better terms than those the Bank apply to other customers who are not related to the Bank; this shall also apply to the dealings of the Bank with any companies within the banking group to which the Bank belong to.
   7. Determining the nature of dealings with the related parties so as to include all types of dealings and not only credit facilities.

8. The procedures applied by the Bank when finding out incidents of non-compliance with the above policy.

B. The Board shall approve a code of conduct to ensure that the Bank does its business in accordance with the highest standards of integrity which code shall include at minimum the cases of conflict of interest and shall ensure that the same is circulated to all administrative levels within the Bank.

C. The Internal Audit Department shall conduct an inspection at least once every year to ensure that all dealings of related persons with the Bank adhered to the legislation in force, the internal policies of the Bank and the approved procedures and shall submit the report and the recommendations thereof in this regard to the Audit Committee. The Audit Committee shall, upon verification, report to the Central Bank any breach to the legislations in force or the internal policies in this regard.

D. The Board shall ensure that the Executive Management enjoy high integrity in the exercise of its business, that it avoids conflict of interest and objectively apply the approved policies and procedures.

E. The Board shall approve standards for the transfer of information among the various administrations to ensure that the same are not exploited for personal benefit.

Article (12): Performance Evaluation of Senior Executive

A. The Board shall ensure that there exists a system for Performance Evaluation of the Board, its committees and its members, which shall include at minimum the following:
   1. Key performance indicators (KPIs) that are taken out from the strategic plans and objectives to be used to appraise the performance of the Board and its committees.
   2. Communication between the Board and the shareholders and its regularity.
   3. Meetings regularity between the Board with the Senior Executive Management.
   4. Members' effective attendance to the Board and committees' meetings and comparing the performance of the member with that of other members. The feedback of the concerned member shall be obtained to improve the appraisal process.
   5. The extent to which the member develops the knowledge thereof in banking business through participation in training programs.

B. The Board shall appraise the performance of the Chief Executive Officer annually in accordance with the system prepared by the Nomination and Remuneration Committee and approved by the Board, this shall include laying down key performance indicators which shall include the minimum criteria to appraise the performance of the CEO as of the financial and administrative performance of the Bank compared to the risk level, and the extent to which the same applied and accomplished the mid and long term plans and strategies of the Bank, and shall lay down weighing values for each appraisal item, and the Committee shall inform the Central Bank of the result of such appraisal.

C. The Bank shall approve a system to appraise the performance of the administrative staff members of the Bank other than the members of the Board and the Chief Executive Officer, which shall take into consideration performance indicators that vary according to the variation of the nature of work of each department and the extent to which the same achieve the objectives thereof, such system shall include the following at minimum:

1. Shall give an appropriate weighing value to measure the performance within the framework of the Risk Management and the Compliance Department and apply the internal controls and regulatory requirements.
2. The total income or the profit shall not be the sole element to appraise the performance, other elements shall be taken into consideration in course of the admirative staff performance such as risks associated with basic operations, accomplishing the objectives and the annual plans of each department, as well as the measurement of customer satisfaction whenever applicable.

D. Performance of the Internal Audit Department staff shall be appraised by the General Auditor and in line with the evaluation and granting remuneration policy approved by the Board.

Article (13): Remuneration of the Administrators

A. The Board shall lay down procedures for determining the remuneration of the members thereof based on the approved appraisal system.
B. The rewarding policy shall contain the following at minimum:
   1. Be prepared in a manner that gather and preserve the administrators who enjoy remarkable experience, qualification, and skills to motivate and improve their performance
   2. The conditions relevant to the remuneration of the Chairman, members and committees of the Board in return of the duties they undertake to as provided in the Corporate Governance Instructions; such remuneration can be variable depending on the appraisal of the performance of the Board, members, and committees as well as the solvency and the performance of the Bank.
   3. Be designed to ensure that administrators are motivated to consider the objectives of the Bank without this leading to high risks that would adversely affect the solvency or reputation of the Bank or expose the same to legal risks.
   4. Granting the remuneration shall not be based on the performance in the current year but shall rather be based on the med and long-term performance (3-5 Years).
   5. A deferrals mechanism should be established to postpone a reasonable percentage of the rewards (except salaries); such percentage and the postponement period shall be determined in light of the nature and risk of the business and the activities of the concerned administrator.
   6. The remuneration could take the form of fees, salaries, compensations, allowances, stock option or other forms, subject to the provision of Effective Interest Ownership Instructions in this regard.
   7. Malus/ Clawbacks mechanism to withdraw the postponed reward granted to any administrator, if any problems in the performance thereof is discovered or if the same exposed the Bank to high risks as a result of the decisions within his authority and taken thereby, which could have been avoided.
   8. No financial remuneration may be granted to the administrators of the control departments based on the results of the departments falling under their supervision.

Article (14): The Internal Audit

A. The Board shall take the necessary measures to enhance the effectiveness of the internal audit by giving due importance to this activity and establishing this within the Bank,

and shall ensure and enhance the independence of internal auditors and give them an appropriate position within the staffing structure of the Bank; those employees shall have knowledge, skill and qualification to undertake to their duties; the Board shall further ensure that the same have access to all records and information and can contact any administrative staff member in the Bank in a manner that allow the same to perform their duties and prepare their reports without any intervention.

B. The Board shall make sure that the Internal Audit Department is subject to the direct supervision of the Audit Committee, and that it submits its reports directly to the Audit Committee with a copy to the Chief Executive Officer. The CEO may, subject to the approval of the Chief of the Audit Committee, delegate the Internal Audit Department with confirmatory or consultancy tasks, provided that this shall not affect the independence of the Internal Audit Department.
C. The Internal Audit Department shall assume the following duties at minimum:
    1. Verifying the sufficiency of the internal control and monitoring systems on the activities of the Banks and its subsidiaries, and that the same are implemented, and reviewing and documenting any modifications on the structure of such systems.
    2. Issuing an internal audit charter and procure its approval by the Board upon the recommendation of the Audit Committee, including the duties, authorities, and method of performing the activities of the Internal Audit Department.
    3. Preparing an audit plan which shall cover the activities of the Bank including those of other control departments and outsourced ones based on the risk level of such activities, which shall be approved by the Audit Committee.
    4. Reviewing compliance with the Corporate Governance code and the related policies and charters yearly, and preparing a detailed report in this regard and submit it to the Audit Committee with a copy to the Corporate Governance Committee.
    5. Reviewing the accuracy and comprehensiveness of stress testing in line with the approach approved by the Board.
    6. Checking the accuracy of Internal Capital Adequacy Assessment Process (ICAAP).
    7. Auditing financial and administrative matters.
    8. Following up on the violations and remarks provided in the supervisory authority and the External Auditor's reports and ensuring that the same are addressed, and that there exist appropriate measures with the Executive management to ensure its non-recurrence.
    9. Ensuring that necessary procedures are in place to receive, process and store customers complains and the remarks concerning the accounting system, internal control, audit operations, and submitting periodic reports in its regard.
    10. Preserving in orderly and safe manner reports and audit working papers for the period stated in the valid legislation in this regard; those shall be available for review by the supervisory authority and the External Auditor.

Article (15): Risk Management

A. The Board shall ensure the independence of the Risk Management, and shall grant the mentioned Department the authorities needed to enable it to receive information from other departments of the Bank and cooperate with other committees to perform its duties.

B. The Board shall verify that violations of the risk appetite are addressed; this shall include accountability of the Senior Executive Management responsible for such violations.
C. The Board shall ensure that the Risk Management performs stress-testing on regular basis to measure the Bank's ability to withstand the high risks and stressed conditions, the Board shall have a major role in approving the assumptions and scenarios used, discussing the tests results and approving the procedures to be taken in light of such results.
D. The Risk Management shall assume the following duties at minimum:
    1. Applying the risks management strategy and developing policies and working procedures to manage all types of risks.
    2. Preparing policy/ policies for risk management that shall cover all the operations of the Bank, and shall lay down clear measurements and limitations for each type of risks, and ensure the all employees upon their administration levels are aware of it, and review it regularly and have it approved by the Board.
    3. Preparing a comprehensive risk appetite statement for the Bank and have the same approved by the Board.
    4. Reviewing the risk management framework in the Bank and procure its approval by the Board.
    5. Preparing the internal assessment document for the Bank's capital adequacy, reviewing the same in regular basis and ensuring its application, which shall be comprehensive, effective, and able to determine all risks that the Bank may face, shall take into consideration the strategic plan and the capital plan of the Bank and shall be approved by the Board.
    6. Developing methodologies to determine, measure analyze, evaluate, and monitor all types of risks.
    7. Ensuring integration between risk measurement mechanisms and the used management information systems.
    8. Preparing a comprehensive framework for crisis management and recovery plans and procuring the approval thereof by the Board, including business continuity plans, which shall be examined on regular basis.
    9. Ensuring that, before launching/ providing any new product, service, operation, or system, that the same is in line with the Bank's strategy, and that all the resulting risks including operational risks, information security, and cyber risks are identified, and that the new control measures and procedures or amendments thereto are in line with the Bank's risk appetite.
    10. Provision of necessary information concerning the Bank's risk in order to use it for disclosure.
    11. Providing recommendations to the Risk Management Committee in regard to the Bank's exposure to risks and recording exemption from the Risk Management Policy.
    12. Monitoring compliance of the executive departments of the Bank with the thresholds determined in the approved risk appetite statement.
    13. Providing reports to the Board through the Risk Management committee with a copy to the Chief Executive Officer, which shall include information on the actual risks' profile of all the activities of the Bank compared to the risk appetite

statement, and following up on addressing negative deviations. The Executive Management may request special reports from the Risk Management of the Bank as needed.

Article (16): The Compliance

A. The Board shall ensure the independence of the Compliance Control Department.
B. The Board shall approve the duties of the Compliance Control Department, which shall include the following at minimum:
    1. Preparation of a compliance policy to ensure the Bank's compliance with all relevant legislations and ensuring that all employees at various administrative levels are fully aware of it, such policy shall be approved by the Board.
    2. Preparation of an annual compliance plan which shall be approved by the Compliance Committee.
    3. Monitoring compliance by all administrative levels within the Bank with all regulatory requirements, applicable legislations and international standards including the recommendations of the Financial Action Task Force (FATF).
    4. Preparing regular reports that shall include an evaluation of the non-compliance risks, breaches, shortcomings and the corrective measures taken, and submitting the same to the Compliance committee with a copy to the Chief Executive Officer.

Article (17): External Audit

A. The Bank shall prepare a policy for external audit and procure its approval by the Board, which policy shall be amended whenever needed and shall provide for the following at minimum:
    1. The mechanism for nominating and engaging the Audit Office.
    2. The mechanism for determining the Audit Office fees.
    3. Regular rotation of the Audit Office and Audit Team.
    4. Requirements of External Auditor's independence as provide in Paragraph (D) of this Article at minimum.
    5. Duties of the Audit Office and Audit Team.
    6. The relation between the Audit Committee with the Audit Office and the Audit Team.
    7. Additional services outside the scope of the audit services which the Audit Office may be asked to provide.
    8. Standards for choosing the Audit Office and the partner in charge, and provided that the following minimum requirements are satisfied:

A. The Audit Office:
    1. Number of Partners in Charge of Audit in the office shall not be less than two.
    2.The office or the international company of which the office is a member of, shall acquire an appropriate experience, which shall not be less than ten years in banking audits.
B. The Partner in Charge of Audit
    1. Be of good conduct and name and enjoy good professional reputation.
    2. Not be convicted with any felony or misdemeanor against honor or trust.

3. Be in possession of a valid license for practicing audit profession and registered in the Jordanian Registry of Chartered Accountants as per the provisions of the Chartered Accounting Profession Regulation Law.
4. Not be deprived from exercising the profession thereof during the last five years, nor has been the subject to a final criminal court ruling regarding committing a professional or legal violations related to the accounting profession.
5. Be in possession of bachelor's degree in accounting or any specialty related to the banking business at minimum.
6. Be in possession of a professional certificate in the field of accounting or audit from a charted accountants or auditors from an internationally accredited institute which shall also be accredited by the Jordanian Association of Certified Public Accountants.
7. Possess a practical experience of no less than ten years, at least seven years of which shall be in auditing banks accounts and shall be familiar with the banking industry and its associated risks and the legislations related thereto as issued by the Central Bank.

B. The Bank shall ensure that the External Auditor is regularly rotated each seven years at maximum, and that the External Auditor may not be replaced during the contract term except after attaining the approval of the Central Bank and in the presence of substantive justifications.

C. The office may not be re-elected before the lapse of at least three years from the date of the last election by the Bank.

D. The Audit Committee shall ensure the independence of the External Auditor at the beginning and during the term of the contract, so as to ensure that there exists no conflict of interest between the Bank and the External Auditor, and the Board shall verify the same and ensure that the contract terms with the External Auditor include the following at minimum:
   1. The External Auditor may not be a member of the Board or in the board of directors/ management committee of any other subsidiary of the Bank.
   2. The External Auditor may not undertake a permanent technical, administrative or Consulting Position with the Bank or its subsidiaries thereof.
   3. The External Auditor may not be a partner with any member in the Board, Body, the Senior Executive Management of the Bank, or any member in the Body, board, or Senior Executive Management of any of the Bank's subsidiaries.
   4. Neither the Partner in Charge of Audit nor any member in the Audit Team shall be a relative (up to second degree of kinship) to a member of the Board, or the Senior Executive Management of the Bank or any of its subsidiary.
   5. The External Auditor shall not own, deal in or speculate in the shares of the Bank or its subsidiaries, whether directly or indirectly.
   6. The artner in Charge of audit and the audit team may not concurrently be auditing the Bank's accounts and providing any additional services requested from the office outside the scope of the audit service.

E. The Audit Committee shall verify the qualifications and efficacy of the External Auditor and ensure that the engagement letter clearly provide the scope of the audit, fees, contract term, and any other conditions in line with the nature of the Bank, size and complexity of its operations, and its risks.

Article (18) General Provisions

A. The Chairman of the Board shall invite the Central Bank to attend the general assembly's meeting sufficiently in advance so as to allow the same to nominate its representative.
B. The Chairman of the Board shall provide the Central Bank with the general assembly's minutes of meeting within five working days from the date of their rectification by the Companies Controller or the person representing him in the meeting.
C. Thirty days prior to the general assembly's meeting date, the Bank shall inform the Central Bank of its willingness to nominate the External Auditor for election (or re-election) by the general assembly.
D. The Bank shall verify that no major shareholder in the Bank is related in any manner including relatives up to third degree to the Chief Executive Officer, and of first degree with any other member of the Senior Executive Management.
E. The bank shall take into consideration the representation of women on the board and in senior executive management, in accordance with the Central Bank of Jordan directions in this regard.
F. The Bank shall obtain an approval letter from the Central Bank upon the nomination of any member for the Board sufficiently in advance on the minimum of month before the general assembly's meeting date, and shall inform whomever wants to become a nominee of the necessity of obtaining the approval letter from the Central Bank.
G. Following any change thereof, the Bank shall provide the Central Bank with any amendments on its general organisational structure along with a clear illustration of it.
H. The Bank shall provide the Central Bank upon any change on the information related to the members of the Board and its committees and the members of the Senior Executive Management.
I. Upon any change thereon, the Bank shall provide the Central Bank with the information relevant to the members of the Boards, the management committees, and the Senior Executive Managements of its subsidiaries (including the subsidiaries of the bank's subsidiaries) whether inside or outside the Kingdom.

Article (19) Manual Review and Amendment

The Manual shall be reviewed at least annually and whenever needed. Amendments shall be approved by the Board of Directors upon the recommendation of the Corporate Governance Committee.